

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

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**This brochure provides information about the qualifications and business practices of S. Harris Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at 210-547-3450 or [stephanie@sharrisfinancial.com](mailto:stephanie@sharrisfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about S. Harris Financial Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Item 2 Material Changes

This section describes the material changes to S. Harris Financial Group, LLC's Part 2A of Form ADV ("Firm Brochure") since its last update on November 3, 2016.

**Addition of MDA (Multiple Discipline Account) Information As Managed Account Program Option (pages 8-11)**

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#### Item 4 Advisory Business

S. Harris Financial Group, LLC (“SHFG or Firm”), owned by Stephanie Harris and Gary Scott Harris, is an Independent Registered Investment Advisor specializing in personalized strategies for Clients. SHFG’s areas of expertise include retirement, estate and tax planning, wealth and portfolio management, small business retirement plans, education funding, and charitable giving. The team of SHFG is dedicated to clarifying the investment process, so Clients will comprehend their own wealth management and become a partner in the financial planning experience. Presently, SHFG focuses on providing services mainly to the following types of Clients:

- Individuals
- Pension and profit sharing plans
- Trusts
- Estates
- Charitable organizations
- Corporations or other business entities not listed in the above

SHFG typically offers the following types of investments:

- Equity securities (exchange listed, over-the-counter, and foreign issuers)
- Corporate debt securities (other than commercial paper)
- Certificates of deposits
- Municipal securities
- Investment company securities (variable life insurance, variable annuities, and mutual fund shares)
- U.S. government securities
- Options contracts on securities
- Interests in partnerships investing in real estate and oil and gas

Advice is tailored to individual Client’s needs through interviews with Clients, the collection of important information, and detailed financial planning, as applicable. Clients may be able to impose reasonable restrictions on their accounts. Reasonable restrictions may include the designation of particular securities or types of securities that should not be purchased in their account (i.e. Company XYZ or companies involved in a particular industry, etc.), or should be sold if held in their account. However, in some cases, since investment discretion has been delegated to a third-party manager, that manager may determine that the implementation of such a restriction may be impractical. In the event that happens, the Client will be notified promptly.

#### Privacy Policy

The Firm views protecting its customers' private information as a top priority and, pursuant to the requirements of the federal Gramm-Leach-Bliley Act, the Firm has created policies and procedures to ensure that customer information is kept private and secure.

SHFG does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a Client's account, SHFG may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers. SHFG restricts internal access to nonpublic personal information about the Client to those associated persons of the Firm who need access to that information in order to provide services to the Client. It has always been and will always be the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of a customer or Client, or as required by law.

A copy of the Firm’s privacy policy notice is provided to each Client prior to or at the same time the advisory agreement is signed. Thereafter, SHFG delivers a copy of the current privacy policy notice to its Clients annually. Questions regarding this policy can be directed to Stephanie A. Harris at (210) 547-3450.

## Item 5 Fees and Compensation

### **INVESTMENT ADVISORY SERVICES FEES**

#### **FINANCIAL PLANNING SERVICES**

SHFG's approach to personal financial planning is to obtain from the Client significant and material financial and other information including the Client's attitudes, goals, objectives, time horizon, and risk tolerance and to:

- analyze all the foregoing information in an objective manner,
- develop alternatives for the Client's consideration,
- educate the Client about the implications of selecting a particular alternative,
- implement the alternative selected by the Client, and
- periodically update the plan adopted.

SHFG's goal is to become the Client's chief financial advisor and to coordinate the efforts of the Client's other advisors in the Client's best interest. SHFG would like to partner with the Client by taking an active role in the management of their financial affairs.

SHFG engages in broad-based and consultative financial planning services for a fee. Financial planning and consulting will typically involve providing a variety of services, principally advisory in nature, to Clients regarding the management of their financial resources based upon an analysis of their individual needs. An Investment Adviser Representative ("IAR") of SHFG will first conduct an initial consultation. After the initial consultation, if the Client decides to engage SHFG for financial planning services, an IAR will conduct follow up meetings as necessary, during which important information about the Client's financial circumstances and objectives is collected. Once such information has been reviewed and analyzed, a financial plan – designed to help the Client achieve their stated financial goals and objectives – will be produced and presented to the Client.

#### **Broad-Based Financial Plans**

A Broad-Based Financial Plan will be created and customized to address any or all of the following areas:

- cash flow management,
- debt management,
- summary of net worth,
- retirement projections,
- risk tolerance review and asset allocation,
- insurance review,
- tax and estate planning, and
- education planning.

A summary of findings and recommendations will be created for the Client.

SHFG charges a fixed fee ranging between \$1,000 to \$10,000 for broad-based planning services depending on the scope and complexity of the plan, the Client's situation, and/or the Client's objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. SHFG requires that 50% of the fee be paid in advance, with the remaining portion due upon completion of the services rendered. SHFG will never require prepayment of a fee more than 6 months in advance and in excess of \$500, as services will be rendered within six months of the date of contract.

#### **Specific Financial Plans**

SHFG offers Specific Financial Planning for Clients requiring advice or financial plans on a specific aspect of their financial resources. For these services, SHFG will collect relevant data, conduct personal interviews with the Client, and present selected report(s) to the Client. SHFG charges a fixed fee up to \$6,000 for these services depending on the scope and complexity of the plan, the Client's situation, and/or the Client's objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. SHFG typically requires that 50% of the fee be paid in advance, with the remaining portion due upon completion of the services rendered.

SHFG will never require prepayment of a fee more than 6 months in advance and in excess of \$500, as services will be rendered within six months of the date of contract.

Consulting Services

Sometimes Clients may only require advice on a single aspect of their financial resources. For these Clients, SHFG offers general consulting services that address only those specific areas of interest or concern. The fees for hourly services rendered are billed at a negotiable rate of \$300 per hour and are due upon completion of services. An estimate of the total cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. If this happens the Firm will notify the Client and may request that the Client approve the additional fee. For Consulting Services, SHFG requires a \$1,000 minimum. SHFG may waive this requirement in its sole discretion.

Clients may act on the Firm’s recommendations by placing securities transactions with any brokerage firm the Client chooses. The Client is under no obligation to act on the Firm’s financial planning recommendations. Moreover, if the Client elects to act on any of the recommendations, the Client is under no obligation to implement the financial plan through SHFG.

Financial plans are based on the Client’s financial situation at the time the plan is presented and on financial information the Client gives to SHFG. Clients should know that certain assumptions may be made about interest and inflation rates and use of past trends and performance of the market and economy. Past performance does not indicate future performance. SHFG cannot offer any guarantees or promises that the Client’s financial goals and objectives will be met. As the Client’s financial situation, goals, objectives, or needs change, the Client must notify SHFG promptly.

SHFG or the Client may terminate the financial planning agreement within five (5) days of the date of acceptance without penalty to the Client. After the five-day period either party may terminate the financial planning agreement with written notice to the other party. Unearned, pre-paid fees will be returned to the Client.

**ASSET MANAGEMENT SERVICES**

Asset Management Services (“AMS”) is an operating division of Raymond James, focusing on the development and administration of Raymond James’ fee-based asset management products and services.

SHFG provides investment advisory supervisory services under the following program:

**PASSPORT**

The PASSPORT Account (“PASSPORT”) is an investment advisory account, administered by Raymond James & Associates (“RJA”), which offers Clients, on a non-discretionary basis (or discretionary, provided certain qualifications are met), the ability to pay an advisory fee on the assets in their account and a nominal transaction charge in lieu of a commission for each transaction.

Generally, the Client’s IAR provides investment advice on a non-discretionary basis. There is a minimum investment of \$25,000 for PASSPORT Accounts, although smaller accounts may be accepted based upon the specific circumstances of an account. The advisory fees for PASSPORT Accounts are as follows:

PASSPORT Fee Investments:

Account Value	Annualized Fee
First \$500,000	2.25%
Next \$500,000	1.75%
Next \$4,000,000	1.25%
Amounts over \$5,000,000	1.00%

For purposes of calculating and assessing asset-based fees, RJ uses the term “Account Value”, which may be different than the asset value as reported on brokerage statements provided by RJ to clients. Pursuant to the investment management or advisory agreement, Account Value is defined as the total absolute value of the securities in the Account, long or short, plus all credit balances, including any declared dividend and interest income accrued during the period, with no offset for any margin or debit balances.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day. If cash or securities, or a combination thereof, amounting to at least \$100,000 are deposited to or withdrawn from the Client's account on an individual business day in the first two months of the quarter, Raymond James will: (i) assess asset-based fees on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid asset-based fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. No additional asset-based fees or adjustments to previously assessed asset-based fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter unless requested by the Client. Client authorizes and directs RJA as custodian to deduct asset-based fees from the Client's account; Client further authorizes and directs the custodian to send a quarterly statement to the Client which shows all amounts disbursed from Client's account, including fees paid to SHFG. Client understands that the brokerage statement will show the amount of the asset-based fee, the value of the assets on which the fee was based, and the specific manner in which the fee was calculated.

The asset-based fees associated with the Passport account include all execution and clearing charges except: (1) certain dealer-markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities and Exchanges Act of 1934 and any other charges imposed by law with regard to any transactions in the account; and (2) offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus.

Additionally, there is a nominal Transaction Charge and Handling Fee for the execution of each trade as follows:

<u>SECURITY TYPE</u>	<u>TRANSACTION CHARGE</u>	<u>HANDLING FEE</u>
Exchange Traded Equities: Listed and OTC	\$9.95	\$5.95
Closed End and Exchange Traded Funds	\$9.95	\$5.95
Open End Mutual Funds (applicable to purchases only)*		
Participating Funds	Waived	-
Partner Funds	\$30.00	-
Non-Partner Funds	\$40.00	-
Real Estate Investment Trusts/Unit Investment Trusts	\$9.95	\$5.95
Preferred Stocks	\$9.95	\$5.95
Options Contracts	\$30	\$5.95
Bonds	\$30	\$5.95

\* Select fund companies have agreed to pay administrative fees to Raymond James in consideration for Raymond James' waiver of the \$30.00 Processing Fee assessed on certain Passport Account mutual fund purchases ("Participating Funds"). "Non-Partner Funds" do not participate in Raymond James' Education and Marketing Support program. Effective January 1, 2015, the above Processing Fees will be applied to purchases of Partner and Non-Partner Funds. ERISA Plan and SIMPLE IRA accounts will be charged \$30 for Partner and Non-Partner Fund purchases. Please note that funds may change their Participating, Partner, or Non-Partner status at any time, so please consult your financial advisor to verify their status periodically.

The Client may also incur charges for other account services provided by RJA not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities. SHFG does not receive any of the fees for processing, handling, or postage. All of these fees belong to RJA.

The Client Agreement may be terminated by the Client or SHFG at any time upon providing notice pursuant to the Client Agreement. In the event of termination of this Agreement, SHFG will refund to the Client the prorated portion of the fee for the quarter of termination. There is no penalty for terminating your account.

### **SEPARATELY MANAGED ACCOUNTS AND MULTIPLE DISCIPLINE ACCOUNTS**

AMS's separately managed account ("SMA") programs offer clients the opportunity to select professional investment management firms (also called money managers) to individually manage or provide model portfolio recommendations within their designated accounts (that is, once selected, the money manager or AMS will invest the assets in the account on a discretionary basis according to the client's stated investment discipline without soliciting their consent prior to effecting portfolio transactions). AMS's multiple discipline account ("MDA") program offers clients the opportunity to select a broad investment strategy developed by money managers that employ multiple investment disciplines offered by that money manager in one account. SMA accounts are typically employed by clients that wish to maintain greater control over asset allocation (that is, select which and how much to invest in one or more disciplines). MDA accounts offer clients an investment solution that allows the money manager to tactically allocate a percentage of the account's assets into predefined investment disciplines or market sectors (that is, a turnkey approach to asset allocation and investment selection).

While SMA's and MDA's are similar to a mutual fund in that a client pays a fee for management of their designated investments, an important difference is that SMA's and MDA's provide clients the ability to segregate their assets from other investors (that is, the client directly owns the portfolio securities versus a mutual fund investor owning shares in a company that in turn owns the "pooled" investments).

In addition, SMA's and MDA's offer clients the ability to impose reasonable restrictions on the investments made in their account, contribute or withdraw securities and/or cash from their account, request the sale of individual securities for tax planning purposes (also called "tax harvesting"), and flexibility in developing a customized portfolio diversified across multiple investment disciplines, or targeted to an individual or more concentrated investment discipline.

### **RAYMOND JAMES CONSULTING SERVICES**

Raymond James Consulting Services (RJCS), a division of RJA, provides the following services:

- selects portfolio managers ("sub-advisors") for the RJCS program,
- establishes custodial facilities,
- monitors performance of Client accounts,
- provides Clients with accounting and other administrative services and
- assists portfolio managers with certain trading activities.

Based upon the Client's financial needs and investment objectives, the IAR assists the Client in selecting an appropriate sub-advisor(s), utilizing a Separately Managed Account (SMA). The Investment Management Agreement is solely between RJA and the Client, and there is no direct agreement between the sub-advisor and the Client. Clients may contact the sub-advisor, but generally do so through their IAR or the RJCS Client Services Department.

### **FREEDOM UMA ACCOUNT PROGRAM**

A UMA typically holds multiple SMA Managers and Funds in one "unified" account. The Freedom UMA program offers clients both a broad selection of Strategies and allocation options within a given Strategy. The SMA Managers selected by the Investment Committee for investment in the Freedom UMA program are generally available individually through the RJCS Program. However, some of these SMA Managers may participate in only the Freedom UMA program. Clients choosing to participate in the Freedom UMA program appoint Raymond James as their investment adviser in recommending compatible Strategies, selecting SMA Managers and Funds for investment, and managing the investments of client accounts participating in the selected Strategy.

As sponsor of the Freedom UMA program, AMS enters into a subadvisory agreement with select SMA Managers registered with the SEC, some of which are affiliated with Raymond James. These SMA Managers' services are made available to clients based on AMS's and its Investment Committee's familiarity with the SMA Managers' firms, portfolio management personnel, investment disciplines offered, portfolio construction and its overall belief that the participation of these SMA Managers in the program will provide clients access to high quality investment

advice. In addition to SMA Managers, the Investment Committee may also select Funds to populate the asset allocation (if the Investment Committee believes the Fund's investment discipline aligns with the allocation). The Investment Committee will typically make a Fund selection when it believes an SMA allocation would be impractical due to the relatively small allocation percent or asset class fit, such as alternatives/commodities, fixed income, international and small- to mid-cap oriented sectors. For example, a Fund may be selected instead of an SMA Manager to fill the allocation if the amount being invested in the asset class could not be economically invested in the SMA Manager's model portfolio (which may be comprised of 100+ individual securities holdings), or if the asset class itself is not available in an SMA format due to capacity constraints (such as liquidity in small cap and international securities), diversification constraints (such as fixed income minimum investments), and/or general availability (such as alternatives/commodities). While the Freedom UMA program offers access to a wide array of SMA Managers and investment disciplines, these offerings are limited to those SMA Managers that agree to participate at the negotiated terms of the subadvisory agreement. In addition, the Investment Committee will only consider for potential investment those Funds with which Raymond James has entered into a selling agreement with the fund company managing or distributing the Fund.

Leveraging off the research performed by AMS Manager Research & Due Diligence, the Investment Committee constructs multiple Strategies comprised of a combination of SMA Managers and Funds representing a broad array of asset classes and investment styles. The Investment Committee identifies asset classes and investment styles that perform differently under varying market conditions, yet are considered complementary to one another. The composition of a given Strategy may include domestic and international equities, and where applicable, fixed income, real estate investment trusts, commodity and other alternative investment funds to enhance diversification. A list of available Strategies and allocation options is available through your financial advisor. Raymond James, AMS and/or the Investment Committee may develop and offer additional Strategies in the future, discontinue previously offered Strategies, may add or remove SMA Managers and/or Funds, or modify the target allocations of the Strategies at any time.

There is generally a minimum investment of \$300,000 for clients to be eligible for the Freedom UMA Program, although the Conservative Balanced, Aggressive and Global Strategies require a minimum investment of \$600,000, and Institutional Consulting Growth, Moderate Growth and Moderate Strategies have an investment minimum of \$3,000,000.

#### **RAYMOND JAMES MDA PROGRAM**

As sponsor of the Raymond James MDA program, Raymond James enters into a subadvisory agreement with select SMA Manager(s), which includes SMA Managers affiliated with Raymond James. SMA Managers participating in the MDA Program ("MDA Manager(s)") also participate in the RJCS Program. For example, the SMA Manager may offer four distinct disciplines in the RJCS Program, but one "strategy" in the MDA Program. This strategy is a composite of their four disciplines, where the allocation to each discipline or market sector in the strategy is determined by the MDA Manager. While a given strategy is comprised of multiple disciplines offered by the MDA Manager, the potential exists that a given discipline will not be available on a separate account basis through the RJCS Program. In addition, the MDA Manager may allocate a portion of the strategy to a specific market sector, such as an exchange traded fund that tracks the investment grade bond market, rather than a predefined investment discipline.

MDA Strategies are made available to clients based on AMS's familiarity with the SMA Managers' firm, portfolio management personnel, investment disciplines offered, portfolio construction and AMS's overall belief that the participation of these MDA Managers will provide prospective clients access to high quality investment management firms.

Similar to SMA Managers offering their equity disciplines in the RJCS Program, the MDA Manager supplies their model portfolio to Raymond James and Raymond James rather than the MDA Manager is responsible for organizing and effecting portfolio trades. Investment discretion in the MDA Program is retained by Raymond James, while the MDA Manager is responsible to establishing the asset allocation for each strategy as well as the underlying portfolio of securities comprising each discipline within the strategy.

A list of participating MDA Managers and available strategies is available through SHFG. Please see "Other Financial Industry Activities and Affiliations" for additional information regarding MDA Managers affiliated with Raymond James.

For MDA accounts, there is generally a minimum investment of \$300,000 for all available strategies.

### **EAGLE HIGH NET WORTH PROGRAM**

Asset Management Services (“AMS”), a division of RJA, sponsors the Eagle High Net Worth Program (“EHNW”). EHNW is offered only through the AMS division and is available only to Clients of RJA and its affiliates. EHNW Clients may select one or more investment objectives managed by Eagle Asset Management, Inc. (“Eagle”). Eagle is a wholly owned subsidiary of Raymond James Financial (“RJF”), an affiliate of RJA, and is an investment adviser registered with the U.S. Securities and Exchange Commission. The Client signs an Investment Management Agreement with RJA, and the Agreement authorizes Eagle as sub-advisor to manage the Client’s account(s) in accordance with Client’s objective(s) on a discretionary basis. Services include:

- assisting the Client in choosing the appropriate Eagle objective(s),
- monitoring the performance of all of Eagle’s objectives,
- communications and reports to the Client,
- assistance with certain trading activities, and
- other administrative services.

EHNW offers a full range of investment objectives, including equity, balanced, and fixed income portfolios. Eagle will consult with Clients and their IAR(s) to customize portfolios to fit Clients’ needs, circumstances and objectives.

There generally is a minimum investment of \$100,000 for all equity and balanced accounts, and \$200,000 for most fixed income accounts, although smaller accounts may be accepted based on the specific circumstances of an account.

### **MANAGEMENT FEES**

RJA negotiates with sub-advisors the management fee payable to the sub-advisor, based on factors including, but not limited to:

- the sub-advisor’s assets under management in the RJCS program,
- average number of portfolio holdings,
- average annual turnover,
- anticipated sales and administrative service levels, and
- other factors.

The management fee payable to discretionary SMA Managers available through the RJCS program is typically 0.40% – 0.50% for equity and balanced accounts, and 0.20% - 0.30% for fixed income accounts, but may vary due to incremental rate negotiation between Raymond James and the SMA Manager. For Model Managers available through the RJCS and MDA programs, the advisory fee paid to the Model Manager is typically 0.30% - 0.35%. The above mentioned management / advisory fee is paid to the SMA Manager out of the all-inclusive asset-based wrap fee assessed to the client by Raymond James. For clients selecting a Model Manager’s investment discipline, the commission-per-transaction arrangement is not available.

The management fee payable to SMA Managers selected by Raymond James to participate in the Freedom UMA program is typically 0.30% – 0.35%, but may vary due to incremental rate negotiation between Raymond James and the SMA Manager. Although the basis of Raymond James’ recommendation of SMA Managers is not contingent upon this negotiated management fee, a conflict may exist due to the potential incentive Raymond James may have to recommend an SMA Manager(s) with a lower management fee. Additionally, while the basis of Raymond James’ allocation to mutual funds in the Freedom UMA program is intended to enhance the diversification of the portfolio (that is, invest in a mutual fund where an SMA allocation would be impractical due to the allocation percent or asset class, such as alternatives and fixed income), a conflict may exist for Raymond James to allocate a higher proportion of a portfolio to mutual funds where no management fee is paid by Raymond James to an SMA Manager out of the asset-based advisory fee assessed by Raymond James to the client’s account (thereby allowing Raymond James to

retain a higher proportion of the overall asset-based advisory fee). However, the mutual fund's manager will collect a management fee out of the internal expenses charged by the fund company (an internal expense of the fund).

Employees of RJA or its affiliates are entitled to lower management fee arrangements for their personal accounts.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day. Client authorizes and directs RJA as custodian to deduct asset-based fees from the Client's account; Client further authorizes and directs the custodian to send a quarterly statement to the Client which shows all amounts disbursed from Client's account, including fees paid to SHFG.

For the RJCS, MDA and EHNW programs, the client is generally assessed an all-inclusive wrap fee, set forth as follows:

Equity, Balanced, and ETF Disciplines:

First \$500,000	3.00%
Next \$500,000	2.50%
Next \$4,000,000	2.00%
Over \$5,000,000	1.50%

Fixed Income Disciplines:

First \$500,000	1.50%
Next \$500,000	1.25%
Next \$4,000,000	1.00%
Over \$5,000,000	0.75%

Short Term Conservative Fixed Inc Disciplines\*:

First \$5,000,000	0.60%
Next \$5,000,000	0.50%
Over \$10,000,000	0.40%

\*Requires \$2,000,000 minimum investment

For the UMA programs, the advisory fees are as follows:

First \$500,000	3.00%
Next \$500,000	2.50%
Next \$4,000,000	2.00%
Over \$5,000,000	1.50%

Clients may also incur charges for other account services provided by SHFG not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, and fees for legal or courtesy transfers of securities. None of these fees go to SHFG but belong to the custodian.

The Investment Management Agreement may be terminated by the Client, Raymond James, or SHFG at any time upon providing written notice pursuant to the provisions of the Investment Management Agreement. There is no penalty for terminating the Client's account. Upon termination, the Client will receive a refund of the portion of the prepaid asset-based fee which is not utilized. SHFG will not accept instructions to terminate the Agreement unless such instructions are provided in writing by Client.

**ASSET-BASED FEE AGGREGATION – RJCS, EHNW, MDA AND FREEDOM UMA PROGRAMS**

Participants in the above programs may be entitled to discounted asset-based fees if they maintain one or more eligible Related Accounts within these programs.

Related Accounts are accounts of an individual, his or her spouse, and their children under the age of twenty-one. The term includes individually owned accounts, individual retirement accounts (IRAs), self-directed accounts (i.e., directed by individual participants) under an employee benefit plan (ERISA plan) and ERISA plan accounts in which

an individual is the sole participant. For purposes of aggregating Related Accounts to determine the applicable “Relationship Value”, there are two account classes, Equity (Balanced, Equity and ETF disciplines) and Fixed Income. Thus, Related Accounts of the RJCS and Eagle High Net Worth Programs that fall within an account class may be aggregated for management fee purposes, so that each account will pay a fee that is calculated on the basis of the total of all Related Accounts in that particular class. Related Accounts of the MDA and Freedom UMA programs fall within the Equity class.

Further, EHNW Premium Income accounts will be aggregated with Equity accounts to determine the Equity account fees. However, the reverse will not apply. Finally, client assets in the Eagle International Equity Portfolio will be aggregated with Equity accounts to determine the Equity account fees (this will have no effect on fees and other expenses of the Eagle portfolio.) It is the client's responsibility to identify all related managed accounts for purposes of qualifying for an aggregated account fee discount. While Raymond James will attempt to identify related accounts, it will not be responsible for failing to consider any related accounts not listed by the client.

### **FREEDOM ACCOUNT**

Similar to the Freedom UMA program, the Freedom Account Program (“Freedom”) offers clients a broad selection of Strategies and allocation options within a given strategy. Clients choosing to participate in the Freedom program appoint Raymond James as their investment adviser in recommending compatible Strategies, selecting Funds for investment, and managing the investments of client accounts participating in the selected Strategy on a discretionary basis. Unlike the Freedom UMA program, the Freedom program is comprised exclusively of mutual funds and/or ETFs (there are no allocations to SMA Managers).

Leveraging off the research performed by AMS Manager Research & Due Diligence, the Investment Committee constructs multiple investment Strategies comprised of a combination of Funds and/or ETFs representing a broad array of asset classes and investment styles. The Investment Committee identifies asset classes and investment styles that perform differently under varying market conditions, yet are considered complementary to one another. The composition of a given Strategy may include domestic and international equity and fixed income Funds, as well as real estate investment trusts, commodity and other alternative investment Funds to enhance diversification.

A list of current Strategies is available through your SHFG. In addition to the diversified Strategies, Freedom offers Completion Portfolios Strategies for Alternative Investments, Fixed Income, International Equity and U.S. Equity allocations. Completion Portfolios are designed to complete a client’s asset allocation plan. For instance, if a client’s current equity allocation consists of U.S. stocks/funds only, a Completion Portfolios account offers clients the opportunity to diversify into an alternative investment, international equity-based and/or fixed income portfolio, if appropriate for their situation. Freedom also offers Foundation Strategies comprised exclusively of mutual funds which have been developed by the AMS Investment Committee as an investment option available to clients at lower account minimums. While the asset allocation in the Foundation Strategies is similar to the hybrid Strategies (comprised of U.S. and international equity and fixed income funds), fewer funds are selected due to the lower account minimum, and thus, these Strategies are less diversified across the funds selected than the mutual fund, ETF and hybrid Strategies. Raymond James, AMS and/or the Investment Committee may develop and offer additional Strategies or discontinue previously offered Strategies in the future, will add or remove Funds, may increase or decrease the minimum investment, and will likely modify the target allocations of the Strategies in the future.

Clients most appropriate for the mutual fund version of Freedom are those willing to pay more (via higher fund management fee and operating expenses) for the potential to outperform the market or benchmark indices over the long term, but should also be aware the potential to underperform is just as great. Clients most appropriate for the ETF version of Freedom are those willing to achieve market-/benchmark-like returns, lower management fees and operating expenses (relative to mutual funds), with limited potential for the individual ETFs to outperform the respective market sectors or indices they track. The “hybrid” versions of Freedom include allocations to both mutual funds and ETFs, versus strategies comprised entirely of mutual funds or ETFs. The hybrid strategies typically utilize ETFs in market sectors the Investment Committee considers more efficient (such as the domestic U.S. and international large capitalization core equity and domestic U.S. corporate, government and securitized bond markets). Alternatively, mutual funds are utilized in market sectors where the investment styles are focused on growth or value segments and in less liquid market sectors (such as domestic U.S. and international small-/mid-capitalization and emerging markets equity and alternative strategies such as managed futures). The hybrid strategies employ a “core” and “satellite” approach to asset allocation, where the core allocations are invested in ETFs the Investment Committee believe have a lower relative probability of outperforming the market/benchmark, and the

satellite allocations are invested in actively managed mutual funds the Investment Committee believes have a higher relative probability of outperforming the market/benchmark. Clients most appropriate for the Foundation Strategies are those that have smaller investment portfolios, although Raymond James does not restrict access to these Strategies for clients that would otherwise qualify for a more diversified and higher investment minimum option.

Due predominantly to the tax exempt status of the interest paid on municipal fixed income securities, the yield has typically been lower than the yield on high quality corporate fixed income. Despite the lower yield, the tax exempt status of income from these securities may provide a net benefit over securities distributing taxable income to individuals (depending on the investor's personal tax situation). There currently is no added tax benefit from holding a municipal fixed income security in a retirement account since distributions from retirement accounts are subject to state and federal income taxes at the investor's marginal tax rate. As a result, AMS limits the ability of clients to invest their retirement account assets in Freedom municipal strategies. Pursuant to the Freedom Investment Management Client Agreement, municipal strategy selections made on behalf of tax-qualified retirement accounts will be automatically invested by AMS in the non-municipal fund strategy. For example, IRA and/or ERISA accounts that select the Balanced Municipal Strategy will be automatically invested in the Balanced Strategy.

The option to reinvest dividends is not available for ETF strategies. If no selection is made, all dividends will be paid in cash for the High Income and Retirement Income Solution mutual fund strategies. All other mutual fund strategies will reinvest dividends if no alternative selection is made.

There is a minimum investment of \$100,000 for FREEDOM Retirement Income Solution Strategies and \$50,000 for all other Strategies, although smaller accounts may be accepted based on the specific circumstances of an account.

The advisory fees for FREEDOM Program are as follows:

<u>Aggregate Account Value</u>	<u>Annualized Fee</u>
First \$500,000	2.25%
Next \$500,000	1.75%
Next \$4,000,000	1.25%
Amounts over \$5,000,000	1.00%

Clients may also incur charges for other account services provided by RJA and SHFG not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, and fees for legal or courtesy transfers of securities.

#### **FREEDOM and FREEDOM UMA Strategies**

The Investment Committee's decisions will be based on recommendations provided by AMS Manager Research & Due Diligence, and the Strategies may include "Highly Recommended" Funds from the Raymond James Mutual Fund Research ("MFR") coverage list. However, the Investment Committee is under no obligation to select Funds exclusively from MFR's "Highly Recommended" list. For Funds selected by the Investment Committee that are not covered by MFR, it is reasonably likely that MFR will at some point in the future assume research coverage of the Fund(s), and that such Funds may be rated "Highly Recommended". AMS Manager Research & Due Diligence continually monitors the Funds in the Freedom and Freedom UMA programs. If a Fund is downgraded by MFR, the Investment Committee will determine the appropriate course of action, which may include replacing the downgraded Fund in all Strategies, if necessary.

The target allocations of the available Strategies apply at the time the client establishes an account. Additions to and withdrawals from an account will generally be invested based on the target allocation. Fluctuations in the market value of securities, as well as other factors, however, will affect the actual asset allocation at any given time. AMS will annually rebalance the client's account, based on the anniversary date of its establishment, if at such time the actual asset allocation varies by more than certain predetermined percentages from the target allocation, as established by AMS.

AMS may also rebalance an account upon request, or on an other than annual basis as it deems necessary (for example, when an account's cash balance falls below a level sufficient to cover advisory fees, during fund swaps, to maintain target allocations as a result of client-initiated account withdrawals or additions, among others).

Clients should be aware that ETFs and mutual funds have unique distinguishing characteristics and their cost structures differ, sometimes significantly. Because mutual funds are typically actively managed, the underlying

management fees and operating expenses assessed by the fund companies are generally higher than those for ETFs, which typically seek to track the performance of an index (typically 1% to 1.5% for mutual funds versus .20% to .40% for ETFs, although individual mutual funds and ETFs may have higher or lower expense ratios). However, the Investment Committee considers the expense ratio when selecting funds and, where available, will select fund classes with a lower expense ratio (institutional or advisor class). Expense ratios for funds or ETFs selected by the Investment Committee are on average less than 1.00% for funds and less than 0.30% for ETFs, net of 12(b)-1 fees, if any, which if received by Raymond James are credited bi-monthly to the client's account(s).

Unlike shares of mutual funds, shares of ETFs are bought and sold based on market values throughout each trading day, and not at net asset value. For this reason, shares could trade at either a premium or discount to net asset value. The portfolio of securities held by an ETF that tracks an index is publicly disclosed on each trading day, and an approximation of the actual net asset value is disseminated throughout the trading day. Because of this transparency, the trading prices of these index-based ETFs tend to closely track the actual net asset value of the underlying portfolios. Actively managed ETFs will likely not have the transparency of index-based ETFs, and therefore, may be more likely to trade at a discount or premium to actual net asset values. If an ETF trades at a discount to its net asset value, the ETF may decline in value even if the securities in which it invests go up in value.

The Investment Committee may find occasion to invest in a mutual fund with relatively low assets under management. Depending on the total investment in such fund, Freedom and/or Freedom UMA accounts may collectively become a significant or majority shareholder of the fund. This could result in potential illiquidity in the event the Investment Committee determines a program-wide or cross-program redemption is warranted. The Investment Committee will endeavor to minimize the market impact of any investment related decisions that it makes.

Accounts may invest in ETFs classified as partnerships for U.S. federal income tax purposes, which may result in unique tax treatment, including Schedule K-1 reporting. Prospective or existing clients should consult their tax adviser for additional information regarding the tax consequences associated with the purchase, ownership and disposition of such investments. Additional information is also available in the fund(s') prospectus(es), which is (are) available upon request.

Not all SMA Managers offer their services to Raymond James' retail clients and we do not offer or recommend the full spectrum of SMA Managers or Funds available throughout the financial services industry. A list of available Strategies, SMA Managers' investment disciplines, Fund investments and target allocations for these programs are available through your financial advisor. Please see the "Other Financial Industry Activities and Affiliations" section for additional information regarding SMA Managers and Funds affiliated with Raymond James and the "Other Compensation Arrangements" section for additional information regarding mutual funds available for investment through Raymond James.

### **Investment of Cash Reserves**

With respect to cash reserves of advisory Client accounts, the custodian of the account assets will determine where cash reserves are held. The custodian may offer one or multiple options to different account types (such as non-taxable and managed accounts). In addition, the custodian may, among other things, consider terms and conditions, risks and features, conflicts of interest, current interest rates, the manner by which future interest rates will be determined, and the nature and extent of insurance coverage (such as deposit protection from the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation). The custodian may change an investment option at any time by providing the Client with thirty (30) days advance written notice of such change, modification or amendment. As of October 2008, Cash Sweep Options include the Raymond James Bank Deposit Program ("RJBDP"), the Credit Interest Program ("CIP") sponsored by RJA, and the Eagle Cash Trust, including the money-market and municipal money-market fund, or any combination thereof.

Raymond James Bank is an affiliate of Registrant, and the interest rate it offers may differ from the yield on Eagle Cash Trust and the CIP, but Raymond James Bank generally earns more than the interest it pays on such balances. The Eagle Cash Trust money-market and municipal money-market fund both pay Eagle Asset Management, Inc. (also an affiliate) a fee for investment management and administrative services. Raymond James & Associates generally earns a higher rate of interest on CIP balances than the interest rate it pays on such

balances. The income earned by Eagle Asset Management and RJA is in addition to the asset-based fees that SHFG receives from these accounts.

Where an unaffiliated third party acts as custodian of account assets, Client and/or the custodian will determine where cash reserves are held.

Cash balances arising from the sale of securities, redemptions of debt securities, dividend and interest payments and funds received from customers are invested automatically on a daily basis. When securities are sold, funds are deposited on the day after settlement date. Funds placed in a Client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the Client's account. Due to the foregoing practices, RJA may obtain federal funds prior to the date that deposits are credited to Client accounts and thus may realize some benefit because of the delay in investing such funds.

For further information please refer to the Cash Sweep Options disclosure statement, a copy of which is available from your IAR, or is available on the Raymond James public website, [www.raymondjames.com](http://www.raymondjames.com).

Participants in the FREEDOM and PASSPORT programs may be entitled to a discounted asset-based fee if they maintain one or more related accounts within these programs.

Participants in the program may be entitled to a discounted asset based fee if they maintain one or more related account within the program. This discount is independent of any discount offered for participants of the FREEDOM and PASSPORT programs.

Related Accounts are accounts of an individual, his or her spouse, and their children under the age of twenty-one. The term includes individually owned accounts, individual retirement accounts (IRAs), self-directed accounts (i.e., directed by individual participants) under an employee benefit plan (ERISA plan) and ERISA plan accounts in which an individual is the sole participant. Thus, Related Accounts of the FREEDOM and PASSPORT programs may be aggregated for advisory fee purposes, so that each account will pay a fee which is calculated on the basis of the total of all Related Accounts. It is the Client's responsibility to include all Related Accounts for purposes of qualifying for an aggregated account fee discount. While RJA may attempt to identify related accounts, it shall not be held responsible for failing to consider any related accounts not listed by the Client.

#### **Cash Rule Conflict**

Participants in the PASSPORT program with cash or money market investments which exceed 20% of the total market value of Client's account at the time of billing will be included for fee purposes only if the account did not exceed 20% in cash or money market investments at the end of the previous quarter. Otherwise the balance in excess of 20% will not be included in the value of Client's account for fee purposes. This fee billing provision is intended to equitably assess advisory fees to Client assets for which an ongoing advisory service is being provided, and the exclusion of excess cash from the advisory fee is intended to benefit Clients holding substantial cash balances (as a percentage of the total individual account value) for an extended period of time. However, this provision may pose a financial disincentive to an IAR, as the portion of cash or money market investments will not be included in the asset-based fee charged to the account. This may cause an IAR to reallocate a Client account from cash or money market investments to advisory fee eligible investments in order to avoid the application of this provision and therefore receive a fee on the full asset value in a Client's account(s).

For non-IRA/ERISA PASSPORT accounts, the Client's IAR may elect to absorb all or a portion of the Processing Fee. Certain open-end mutual funds which may be acquired by Clients, may, in addition to assessing management fees, internally assess a distribution fee pursuant to section 12(b)-1 of the Investment Company Act of 1940, or an administrative or service fee ("trail"). Such fees are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus. However, if the IAR elects to absorb the Processing Fees in non-IRA/ERISA accounts, they may also elect to receive trails paid by the fund company, if any, to defray the cost of the Processing Fees they absorb. If such an election is made, there may be a conflict of interest where the IAR may have an incentive to absorb all of the Processing Fees in consideration of the actual or anticipated trails they will receive.

Clients should understand that Raymond James Financial stock (RJF) can be purchased on an unsolicited basis and held in accounts. This could create a conflict of interest due to the financial adviser's personal affiliation with RJF and or their personal holdings of RJF stock and or RJF stock options. In addition RJF holdings are considered non-billable assets which could create a potential disincentive for the financial adviser to recommend to a Client that the positions continue to be held.

Clients should understand that the annual advisory fees charged in the FREEDOM and PASSPORT programs are in addition to the management fees and operating expenses charged by open-end, closed-end and exchange-traded funds. To the extent that a Client intends to hold fund shares for an extended period of time, it may be more economical for the Client to purchase fund shares outside of these programs. Clients may be able to purchase mutual funds directly from their respective fund families without incurring the Registrant's advisory fee. When purchasing directly from fund families, Clients may incur a front or back-end sales charge.

Clients should also understand that the shares of certain mutual funds offered in these programs may impose short-term trading charges (typically 1%-2% of the amount originally invested) for redemptions generally made within short periods of time. These short-term charges are imposed by the funds (and not Registrant) to deter "market timers" who trade actively in fund shares. Clients should consider these short-term trading charges when selecting the program and/or mutual funds in which they invest. These charges, as well as operating expenses and management fees, which may increase the overall cost to the Client by 1%-2% (or more), are available in each fund's prospectus.

Clients should also understand that certain no-load variable annuities may be offered in the PASSPORT program and may be charged an advisory fee. The annual advisory fees charged for these no-load variable annuities are in addition to the management fees and operating expenses charged by the insurance companies offering these products.

Clients should also understand that more sophisticated investments such as short sells and margins may be offered in the PASSPORT program. Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may show on a Client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where an IAR may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

A Client's total cost of each of the services provided through these programs, if purchased separately, could be more or less than the costs of each respective program. Cost factors may include the Client's ability to:

- 1) obtain the services provided within the programs separately with respect to the selection of mutual funds,
- 2) invest and rebalance the selected mutual funds without the payment of a sales charge, and
- 3) obtain performance reporting comparable to those provided within each program.

When making cost comparisons, Clients should be aware that the combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or the Client otherwise may not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or the Client otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

The Client's IAR may have a financial incentive to recommend a fee-based advisory program rather than paying for investment advisory services, brokerage, performance reporting and other services separately. A portion of the annual advisory fee is paid to the Client's IAR, which may be more than the IAR would receive under an alternative program offering or if the Client paid for these services separately. Therefore, the Client's IAR may have a financial incentive to recommend a particular account program over another. IARs do not receive a financial incentive to recommend and sell proprietary mutual funds versus non-proprietary funds. However, because compensation structures vary by product type, IARs may receive higher compensation for certain

product types. In addition, your IAR may receive incentive compensation for utilizing a particular account program.

SHFG believes the charges and fees offered within each fee-based program are competitive with alternative programs available through other firms and/or investment sources, yet makes no guarantee that the aggregate cost of a particular program is lower than that which may be available elsewhere.

Clients can terminate all SHFG /RJA advisory agreements within the first 5 days and all fees charged will be refunded.

All above quoted fees may be negotiated within the stated fee schedule; however certain circumstances may dictate an exception from the set range.

**GENERAL INFORMATION ON ADVISORY SERVICES AND FEES**

SHFG shall never have custody of any Client funds or securities except when the Client has provided written authorization for the Firm to directly debit advisory fees and the services of an independently qualified custodian are used for such services.

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory Client.

SHFG does not represent, warrant, or imply that the services or methods of analysis employed by the Firm can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines.

Advice offered by SHFG may involve investment in mutual funds. Clients are hereby advised that all fees paid to SHFG for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (as described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, these transaction charges may be incurred when purchasing or selling securities. SHFG does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the Client funds or securities. The Client should review all fees charged by mutual funds, brokers, custodians, SHFG, and others to fully understand the total amount of fees to be paid by the Client.

IARs may receive other forms of compensation as a part of business activities unrelated to the Firm. These activities may create a conflict for the IAR. However, SHFG has policies and procedures in place to recognize and appropriately deal with any conflicts that arise between the IAR's multiple capacities. These activities are discussed in *Item 10 Other Financial Industry Activities and Affiliations*.

**Item 6 *Performance-Based Fees and Side-By-Side Management***

SHFG does not have performance-based fees or utilize side-by-side management. The only fees charged to Client are noted in *Item 5 Fees and Compensation*, as applicable.

## Item 7 Types of *Clients*

SHFG has the following types of Clients:

- Individuals
- Pension and profit sharing plans
- Trusts
- Estates
- Charitable organizations
- Corporations or other business entities not listed in the above

SHFG may require a minimum account balance of \$1,000,000 for accounts. SHFG may make exceptions to this requirement at its sole discretion.

## Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis

SHFG uses the following methods of analysis in its Client accounts:

- Fundamental
- Technical
- Cyclical

Fundamental analysis examines:

- all the material factors of the security,
- the company,
- industry in which the company operates, and
- the economy

Technical/Cyclical analysis examines the supply and demand of the securities as evidenced by market activity.

The potential risks of using Fundamental analysis are that the IAR is using historical information, which may not predict the future outcome of a security. The potential risks of using Technical/Cyclical analysis are the quality of the information being used to support the analysis and no expectation of a change to a cycle.

SHFG receives research from a variety of sources, including RJA and sources available for public viewing such as:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities Exchange Commission, and
- Company press releases

### **AMS Manager Research & Due Diligence**

SHFG specifically uses information provided by Asset Management Services (“AMS”), a division of RJA, on third party money managers who participate in RJA programs.

Clients are provided standardized information on each sub-advisor prior to entering into the Investment Management Agreement. Potential sub-advisors are considered for the program if they meet the following:

- A well-defined investment style
- Proven past performance results
- Consistency of portfolio returns
- Risks taken within acceptable bounds of investment objectives
- Complementary philosophy of the manager with the existing managers.

Other factors considered in the screening process include:

- low turnover of personnel,
- in-depth interviews with top personnel
- personal visit to the investment manager’s office
- the size of the firm
- review of the firm’s current ADV
- no naked options, short sales or futures, and
- a cooperative, open attitude.

After a Manager has been selected to participate in the RJCS program, Raymond James enters into a sub-advisory agreement with the Manager to provide discretionary investment management services upon their selection by a Client. AMS Manager Research & Due Diligence conducts a continuous, detailed analysis of the Manager's portfolio(s). This analysis includes performance calculations, peer comparisons, and examination of portfolio characteristics and holdings. AMS Manager Research & Due Diligence's goal is to ensure the Manager maintains adherence to their investment discipline while providing Clients with quality investment decisions. The Manager must annually complete an in-depth questionnaire which provides detailed information about their organization and the products that they offer. Further, an on-site visit is performed periodically to interview the firm's stock selector(s), analysts, and operations & Client services personnel. Additionally, conference calls are periodically conducted between on-site visits. These calls are held with the key investment professionals of the firm and emphasize the Managers' perspectives on current events, issues, and market conditions.

Performance information provided to Raymond James by Managers is reviewed by AMS Manager Research & Due Diligence and compared to publicly available sources for reasonableness, and is believed to be reliable. However, Manager-provided performance has not been independently verified by Raymond James and therefore its accuracy cannot be guaranteed. For all performance analysis provided to Clients, AMS generally requires that Managers utilize GIPS (Global Investment Performance Standards, as set forth by the CFA Institute), for confidence in performance calculation methodology, Raymond James does not present information in GIPS format. AMS Manager Research & Due Diligence reviews and monitors performance of Client accounts and compares this performance to the respective Manager's applicable composite performance returns reported and database services to ensure uniform application of the Manager's investment style and identify and reconcile performance dispersion, if any.

If AMS changes its opinion of a Manager, and no longer is able to recommend that Manager as a sub-adviser in the RJCS or EHNW programs, the Client will be notified and asked to select a new Manager. If the Client wishes to retain a Manager against the recommendation of AMS, Raymond James may terminate the Investment Management Agreement. Raymond James' duties will not include any discretionary authority the purchase and sale of securities for the Client's account(s). The Investment Management Agreement is exclusively between Raymond James and the Client, and there is no direct agreement between the Manager and the Client. Clients may contact the Manager, but generally do so through their financial advisor or the AMS Client Services department.

There generally is a minimum investment of \$100,000 for equity and balanced accounts, and \$200,000 for most fixed income accounts, although smaller accounts may be accepted based upon the specific circumstances of an account. Certain Managers may have a higher minimum investment. Minimum investments for each Manager's discipline participating in the RJCS and EHNW programs are available in the Investment Management Agreement.

Upon the selection of the Manager and investment discipline by the Client, the Client authorizes the Manager as sub-adviser to assume all investment duties with respect to assets held in the Client's RJCS or EHNW account and to exercise sole investment authority with respect to such assets. The Manager will thereafter invest and reinvest the assets of each account in such stocks, bonds, or other property of any kind as it deems is in the best interest of the Client in order to achieve the investment objective(s) identified by the Client, without regard to holding period, portfolio turnover or resulting gain or loss.

Clients should be aware that the investment discipline offered by Managers through the RJCS program may be branded under a different name than the same discipline(s) offered through another firm's separately managed account ("SMA") program.

#### Investment Strategies

SHFG typically employs the following types of investment strategies:

- Long term purchases (held for more than a year)
- Short term purchases (held for less than a year)

Clients investing in securities should be aware of the risks involved. Each investment strategy may entail unique risks including the possibility of incurring a loss. In a long term investment strategy, returns may be adversely affected by market downturns or inflation. A short term investment strategy is susceptible to current market volatility.

SHFG typically recommends the following types of securities:

- Equity securities (exchange listed, over-the-counter, and foreign issuers)
- Corporate debt securities (other than commercial paper)
- Certificates of deposits
- Municipal securities
- Investment company securities (variable life insurance, variable annuities, and mutual fund shares)
- U.S. government securities
- Options contracts on securities
- Interests in partnerships investing in real estate and oil and gas

Item 9 Disciplinary Information

SHFG does not have any disciplinary history.

## Item 10 Other Financial Industry Activities and Affiliations

### Securities Brokerage

IARs or related persons, in their individual capacity as Registered Representatives of Raymond James Financial Services, Inc., may be paid fees and/or commissions on securities transactions.

Commission charges may vary depending upon any number of factors, including type of security, purchase or sale, secondary market price, volume of trading, market float, and traded or listed exchange. SHFG believes that commissions charged by RJFS are competitive with other full service broker-dealers and that they are fair and reasonable. Commissions charged by RJFS, while generally competitive, are not necessarily the lowest in the industry. Brokerage transactions are placed only through RJFS. There is an inherent potential conflict of interest in this arrangement in that SHFG through its IARs or related persons who are Registered Representatives of RJFS may share in a percentage of the brokerage commissions.

### Insurance Broker/Agent

SHFG and its IARs or related persons may have insurance company affiliations from which they receive commissions. Clients are under no obligation to execute recommendations relating to insurance and/or annuity products through SHFG.

The IARs of SHFG spend approximately 30% of time on these other activities.

Item 11            Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

SHFG has adopted a Code of Ethics, which is available to Clients and potential Clients upon request. SHFG strives to comply with all applicable laws and regulations governing its practices. Therefore, SHFG has set forth guidelines for professional standards of conduct for its associated persons, the goal of which is to protect Client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith, and fair dealing with Clients. All associated persons are expected to adhere strictly to these guidelines.

SHFG's Code of Ethics requires that Associated Persons submit personal securities transactions and holdings reports to SHFG which will be reviewed by a qualified representative of SHFG on periodic basis. Associated persons are also required to report any violations of SHFG's Code of Ethics. Additionally, SHFG maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about Clients or their account holdings by SHFG or any associated person.

From time to time, SHFG or persons associated with SHFG may buy or sell securities that are recommended to its Clients or securities in which its Clients are invested. It is SHFG's policy that associated persons of SHFG shall not have priority over any Client account in the purchase or sale of securities. Under certain circumstances, exceptions to the trading policy may be made.

Associates of SHFG are registered representatives of Raymond James Financial Services, Inc., and as such may receive commissions on securities transactions, and may effect transactions for their own account as recommended to the Client. Related persons will buy or sell for themselves securities that they also recommend to the Client. These investment products will be bought and sold on the same basis as the Client. In all instances, the positions would be so small as to have no impact on the pricing or performance of the security. Clients' accounts are always given priority. SHFG will remain in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988.

## Item 12 Brokerage Practices

The Firm currently uses Raymond James as its custodian. However, IARs are registered representatives of RJFS and will recommend RJFS to advisory Clients for plan implementation and brokerage services. These individuals are subject to FINRA Conduct Rule 3040 that restrict them from conducting securities transactions away from RJFS. Therefore, Clients are advised that such IARs are limited to conducting securities transactions through RJFS. Implementation of the financial plan through such individuals would present a conflict of interest to the extent that associated persons of SHFG would receive normal and customary commissions as registered representatives of RJFS or licensed insurance agents resulting from any securities or insurance transactions. It may be the case that RJFS charges a higher fee than another broker charges for a particular type of service, such as transaction fees. Clients may utilize the broker dealer of their choice and have no obligation to purchase or sell securities through RJFS. However, if the client does not use RJFS, the IAR will reserve the right not to accept the account.

The custodian may have their own fee and cost schedules they are entitled to as a custodian of the account. These fees and costs are completely independent of the Firm, and SHFG does not receive any portion of these collected costs. Please see *Item 5 Fees and Compensation* for these costs.

RJA, as the custodian, is obligated to seek best execution for all trades; however, better executions may be available via another broker/dealer based on a number of factors including volume, order flow, and market making activity. By executing transactions with the above custodian, it is not guaranteed that a Client will receive the most favorable execution of their trades, which in turn may cost Clients more money.

SHFG continuously reviews the accuracy, timeliness and execution of trades processed through RJFS. SHFG selected RJFS for Client account custody and trade processing due to accessibility, electronic trading, efficient and professional service, technical support, and timely reporting to Clients. In addition, Client funds are fully covered through the excess SIPC coverage maintained by RJFS. RJFS prohibits SHFG from utilizing any other broker-dealer for Client custody or securities trading. SHFG periodically assesses the quality and value of the services offered by broker-dealers other than RJFS to assure that RJFS service and cost is fair and reasonable.

SHFG IARs and related persons may receive research information through its broker-dealer affiliation on securities, market, and economic conditions. Raymond James does not impose surcharges on Clients for research. However, Raymond James does seek to do investment banking and other business with some companies covered by its research. Raymond James complies with all securities laws and regulations to manage these potential conflicts of interest. Additionally, Raymond James does not require that SHFG IARs or related persons recommend any securities to Clients.

## Item 13      Review of Accounts

Reviews of investment accounts will be conducted for each Client account on at least an annual basis. The asset allocation will be considered to see if there is a need to rebalance the account back to the target allocation, and the investments will be reviewed to determine if any changes should be considered. If there is a need to raise funds during the course of the year, the recommendations for liquidation will take into account the need to keep the account balanced with target allocation. Stephanie A. Harris or Preston Vaught will conduct account reviews.

Reviews of financial plan should be performed every three to five years or more frequently if a Client experiences a significant family event (marriage, divorce, change of employment, birth, death, etc). SHFG will make an effort to contact the Client on the five year anniversary of their financial plan. However, if the Client feels they need to revisit their plan prior to this period, it is their responsibility to contact SHFG.

All investment Clients with assets custodied at Raymond James will receive statements directly from Raymond James Financial Services, Inc. on a monthly basis. Clients will be contacted at least once each year to review the reports in a conference call or face-to-face meeting. If Client would like to meet more often, IARs will provide feedback. For Clients with brokerage accounts, a summary of portfolio performance will be provided at least annually as part of their investment review meeting.

Item 14 *Client Referrals and Other Compensation*

From time to time SHFG and/or Raymond James may receive compensation in the form of sponsorship fees for seminars, meetings or conferences from product sponsors such as limited partnerships, mutual funds, insurance companies and annuity sponsors. Such sponsorship fees generally entitle the sponsor to an allotted presentation to IARs of SHFG.

If Clients act upon IAR advice and chooses to use one of RJFS's affiliates as a money manager, custodian or to purchase insurance, SHFG or its IAR may receive compensation in the form of commissions from the affiliate. If a Client chooses to use an IAR in his individual capacity as an insurance agent, the individual IAR will receive a commission. Additionally, if a Client purchases a mutual fund containing a 12b-1 fee, SHFG and the IAR may receive such fee.

As part of its fiduciary duties to Clients, SHFG endeavors at all times to put the interests of its investment advisory Clients first. Clients should be aware, however, that the receipt of economic benefits by SHFG or its related persons in and of itself creates a potential conflict of interest.

SHFG does not pay for or receive compensation for Client referrals.

Item 15      Custody

SHFG does not have custody of Client's assets.

Item 16 Investment Discretion

SHFG does not have discretion in Client's accounts. SHFG has no right to take discretion in a Client account without written authorization from a Client. Some types of accounts discussed in this brochure may be discretionary. If a Client wants to grant discretion in his/her account, the Client will give discretion in writing to the third party money manager directly, not SHFG.

Item 17      Voting *Client* Securities

SHFG does not take any action or render any advice with respect to voting of proxies. Clients should receive their proxy materials from the custodian or transfer agent. However, in the event SHFG receives such material, it will forward all proxy materials to Clients. Furthermore, SHFG will not advise Clients on how to vote their proxies.

From time to time, securities held in the accounts of Clients will be the subject of class action lawsuits. The Firm will not determine if securities held by the Client are subject to a pending or resolved class action lawsuit. It will not evaluate a Client's eligibility or submit a claim to participate in the proceeds of a securities class action settlement or verdict without the knowledge/request of the Client. Furthermore, the Firm will not initiate litigation to recover damages on behalf of Clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by Clients.

Item 18      Financial Information

SHFG does not have custody of Client's assets. SHFG has not been subject to bankruptcy and knows of no reason that its financial condition would be impaired in meeting its contractual obligations to Clients. SHFG will never require prepayment of a fee more than 6 months in advance and in excess of \$500, as services will be rendered within six months of the date of contract.

Item 19 Requirements for State-Registered Advisers

SHFG is registered with the state of Texas as a Registered Investment Adviser. SHFG has three IARs. Below is their education and employment background.

**Stephanie Allison Harris (DOB 1974)**, Investment Adviser Representative / Financial Planner

Education:

B.S. Applied Mathematics, 1995, Texas A&M University, College Station, Texas  
 CFP Designation, 1999, Certified Financial Planner Board of Standards, Washington, DC  
 Certified Divorce Financial Analyst Designation, 2014, Institute for Divorce Financial Analysts

Employment:

Employer	Title	Term
S. Harris Financial Group, LLC (formerly HarrisMartin Financial)	Financial Planner/IAR	2010 – Present
Padgett Financial Services, LLC	Financial Planner /IAR	2002-2010
Raymond James Financial Services, Inc.	Financial Advisor	2002-Present
PricewaterhouseCoopers, L.L.P	Manager	1997-2002
Watson Wyatt Worldwide	Actuarial Consultant	1996-1997

**Gary Scott Harris (DOB 1973)**, Operations Officer

Education:

B.B.A. in Business Analysis with a concentration on Management Information Systems, 1995, Texas A&M University, College Station, TX  
 M.B.A., 2006, University of Texas at San Antonio, San Antonio, TX  
 Business Strategy Certification, 2011, Harvard University, Boston, MA

Employment:

Employer	Title	Term
S. Harris Financial Group, LLC (formerly HarrisMartin Financial)	Operations Officer	2015– Present
Raymond James Financial Services, Inc.	Operations Officer	2015 – Present
USAA	Executive Director, Treasury Management and Enterprise Strategy	2003 –2015
Self	Business Owner / Consultant	2001-2003
Ernst & Young LLP	Consulting Manager	1997-2001
Coopers & Lybrand LLP	Sr. Consultant	1997 – 1997
SHL Systemhouse	Consultant	1996-1997

**Preston James Vaught (DOB 1990)**, Financial Planning Associate

Education:

B.S. in Economics, 2014, Texas A&M University, College Station, TX

Employment:

Employer	Title	Term
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S. Harris Financial Group, LLC (formerly HarrisMartin Financial)	Financial Planning Associate	2016– Present
Raymond James Financial Services, Inc.	Financial Planning Associate	2016 – Present
Edward Jones	Financial Advisor	2015-2016
Allstate	Sales Associate	2015
USAA	Insurance Services Associate	2014
Northcliffe Golf Club	Clubhouse Manager	2014
AT&T	Sales Associate	2011-2012
Texas A&M University	Student	2009-2014
Byron P. Steele High School	Student	2005-2009